

THE OFFICE OF REGULATORY STAFF

SUPPLEMENTAL TESTIMONY

OF

MICHAEL L. SEAMAN-HUYNH

AUGUST 19, 2008



DOCKET NO. 2008-3-E

**Annual Review of Base Rates for Fuel Costs
of Duke Energy Carolinas, LLC**

SUPPLEMENTAL TESTIMONY OF
MICHAEL L. SEAMAN-HUYNH
FOR
THE OFFICE OF REGULATORY STAFF
DOCKET NO. 2008-3-E
IN RE: ANNUAL REVIEW OF BASE RATES FOR FUEL COSTS OF
DUKE ENERGY CAROLINAS, LLC

Q. PLEASE STATE YOUR NAME, BUSINESS ADDRESS AND OCCUPATION.

A. My name is Michael Seaman-Huynh. My business address is 1441 Main Street, Suite 300, Columbia, South Carolina 29201. I am employed by the State of South Carolina as an Electric Utilities Specialist in the Electric Department for the Office of Regulatory Staff ("ORS").

Q. ARE YOU THE SAME MICHAEL SEAMAN-HUYNH WHO PREFILED DIRECT TESTIMONY IN THIS DOCKET ON AUGUST 15, 2008?

A. Yes, I am.

Q. WHAT IS THE PURPOSE OF YOUR SUPPLEMENTAL TESTIMONY?

A. The purpose of this testimony is to provide a summary of the Settlement Agreement filed with and offered for consideration by this Commission as a full resolution of all issues currently pending in this docket, and as agreed to by all the parties in this proceeding.

Q. WOULD YOU PLEASE SUMMARIZE THE SETTLEMENT AGREEMENT REACHED BY ALL PARTIES IN THIS PROCEEDING?

THE OFFICE OF REGULATORY STAFF
1441 Main Street, Suite 300
Columbia, SC 29201

A. After filing direct testimony in this proceeding, ORS, South Carolina Energy Users Committee ("SCEUC"), and Duke Energy Carolinas, LLC ("Duke"), collectively referred to as the "Parties", engaged in discussions to determine if a settlement of the issues would be in the best interest of each party. All Parties in this proceeding were represented and an agreement was subsequently reached.

Duke will apply \$60 million of amounts over-collected through time from South Carolina customers for Catawba purchased capacity levelization (PCL) and demand-side management (DSM) costs as partial collection of Duke's South Carolina retail jurisdictional un-recovered fuel balance. After applying this amount to offset the fuel increase, accounting for the environmental costs, and the \$1,370 adjustment of ORS Witness Robert A. Lawyer, Duke's cumulative over-recovery balance is projected to be \$129,559 as of September 2008.

The fuel factors that Duke will charge for the period beginning with the first billing cycle in October 2008 through the last billing cycle of September 2009 by customer class are set forth in the table below:

Class	SC Fuel Cost from McManeus Supplemental Exhibit 1 (¢/kWh)	SC Environmental Costs (Over)/Under Recovery from McManeus Exhibit 7 (¢/kWh)	SC Environmental Costs from McManeus Exhibit 8 (¢/kWh)	Combined Projected Fuel Factor (¢/kWh)
Residential	2.2317	-0.0217	0.0439	2.2539
General/Lighting	2.2317	-0.0168	0.0352	2.2501
Industrial	2.2317	-0.0114	0.0212	2.2415

In an effort to keep the Parties and Duke customers informed of the over/under recovery balances related to fuel costs and of Duke's best efforts to forecast the expected

1 fuel factor to be set at its next annual fuel proceeding, Duke will provide to SCEUC, and
2 where applicable, its customers the following information:

3 (a) copies of the monthly fuel recovery reports currently filed with the PSC and
4 ORS; and

5 (b) a quarterly forecast beginning November 30, 2008 of the expected fuel factor
6 to be set at its next annual fuel proceeding based upon Duke's historical over/under
7 recovery to date and Duke's forecast of prices for nuclear, natural gas, coal, oil and other
8 fuel required for generation of electricity. Duke will use its best efforts in making these
9 forecasts.

10 **Q. DOES THIS CONCLUDE YOUR SUPPLEMENTAL TESTIMONY?**

11 **A.** Yes, it does.

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 2008-3-E

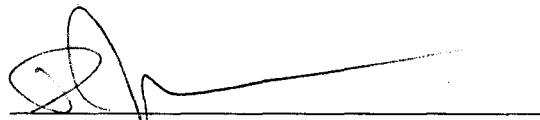
IN RE:)	
Annual Review of Base Rates for Fuel Costs of)	CERTIFICATE OF
Duke Energy Carolinas, LLC)	SERVICE
)	

This is to certify that I, Pamela J. McMullan, an employee with the Office of Regulatory Staff, have this date served one (1) copy of the **SUPPLEMENTAL TESTIMONY OF MICHAEL L. SEAMAN-HUYNH** in the above-referenced matter to the person(s) named below by causing said copy to be deposited in the United States Postal Service, first class postage prepaid and affixed thereto, and addressed as shown below:

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Pamela J. McMullan

August 19, 2008
Columbia, South Carolina